



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Boston Private Financial Holdings, Inc. (BPFH)

Person to be contacted regarding this report:	David J. Kaye, CFO
CPP Funds Received:	\$154,000,000
CPP Funds Repaid to Date:	\$154,000,000
Date Funded (first funding):	11/21/2008
Date Repaid ¹ :	6/16/2010

RSSD: (For Bank Holding Companies)	1248078
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	
City:	Boston
State:	Massachusetts

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/>	Increase lending or reduce lending less than otherwise would have occurred.	BPFH loans increased approximately \$180 million in 2009, a 4% increase over 2008. Note that this increase excludes the impact from the divestiture of Gibraltar Private Bank in September of 2009.
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<input checked="" type="checkbox"/>	To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).	Residential mortgage lending accounted for 80% of the overall growth in lending, increasing approximately \$140 million, or 10%, in 2009.
<input checked="" type="checkbox"/>	Increase securities purchased (ABS, MBS, etc.).	The MBS portfolio increased approximately \$100 million or 48% since receipt of the CPP funding.
<input type="checkbox"/>	Make other investments	N/A
<input type="checkbox"/>	Increase reserves for non-performing assets	While BPFH did increase reserves for non-performing assets, this increase was not linked to the receipt of CPP funds.

<input type="checkbox"/>	Reduce borrowings	N/A
<input type="checkbox"/>	Increase charge-offs	N/A
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	N/A
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	CPP funds did increase BPFH regulatory capital ratios, providing additional comfort to investors during challenging economic times.

What actions were you able to avoid because of the capital infusion of CPP funds?

In addition to the capital already on hand from a combined public/private equity offering in July of 2008, the CPP funds enabled BPFH to avoid raising debt or equity in the capital markets in order to meet prior obligations (i.e., debt maturing in July 2009). BPFH subsequently sold assets in September and December of 2009 to raise the necessary capital to replace the temporary CPP funding.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

As a result of the CPP funding, the Holding Company was able to increase the deposit levels at each of its subsidiary banks. These increased deposit levels bolstered the liquidity profile of the banks, providing an additional source for funding lending opportunities as they arise.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

N/A